

Karima M. Woods, Commissioner

DISB CONSUMER ALERT

Beware of Cloned Broker Scams

The District of Columbia Department of Insurance, Securities and Banking (DISB) warns residents to be on guard against cloned broker scams.

HOW IS THE SCAM PERPETRATED?

In addition to social media, cloned broker scammers are using telemarketing calls, text messages, emails and pop-up ads to entice victims to visit fraudulent websites.

The practice of cloning occurs when a scammer creates a website that looks nearly identical to the official website of a legitimate investment firm--in this case, a registered broker-dealer or investment advisor. The bogus website offers investors unique opportunities to get in early on low-risk or no-risk investments that guarantee very attractive annualized rates of return. The scammers often use high-pressure tactics to persuade victims not to waste any time sending money.

The cloned broker scammers may email their victims phony account statements showing how profitable the victims' investments have been to date. They may even permit the victim to withdraw a portion of their money just to make the cloned broker seem legitimate. However, when the fraudsters have completed their scam, or when they believe the authorities are on to them, they immediately disappear along with the victims' money. The victims soon discover that they never actually held any securities investments, that they were defrauded, and that their money is gone.

Investors should be wary of unsolicited investment offers whether they are made online, through pop-up ads or social media, or by unsolicited calls, text messages or emails.

WAYS TO AVOID CLONED BROKER SCAMS:

- Never share your personal details or financial information over the phone, by email, text, or on social media with an unverified individual, even if the person claims to be with a familiar business.
- If an unsolicited call is prerecorded or automated and asks you to press a number to be connected with a live person, hang up.
- If the caller immediately asks, "Can you hear me?" or another generic question, hang up. This is how unsolicited scammers can verify that your number is active. Once a robocall system recognizes your phone number as active, it may place your number on a list for subsequent calls.

- If you believe you were contacted by a licensed broker-dealer or investment company, you should nevertheless check them out by searching the Financial Industry Regulatory Authority (FINRA) BrokerCheck webpage at brokercheck.finra.org to determine whether they are registered with FINRA. If they are registered, call the compliance officer at the number listed for the firm in BrokerCheck to determine that it was the legitimate company that contacted you and not an imposter.

REPORT FRAUD

If you believe you have been the victim of a cloned broker scam or any other securities fraud or wrongdoing, you may contact the U.S. Securities and Exchange Commission to file a complaint at sec.gov/tcr. You may also get in touch with the DISB Enforcement and Consumer Protection Division at 202-727-8000.

DISB Mission

Our mission is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents and (3) support the development and expansion of business.

Social Media

DISB Twitter: [@DCDISB](https://twitter.com/DCDISB)

DISB Facebook: facebook.com/DISBDC

DISB Website: disb.dc.gov